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*Public Service Commission
Of West Virginia*

201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323



Charlotte R. Lane
Chairman
DOCKET FILE COPY ORIGINAL

March 25, 1998

William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

Re: Federal-State Joint Board on Universal Service, CC Docket Nos. 96-45 and 97-160

Dear Mr. Caton:

By letter dated August 15, 1997 (copy enclosed), the Public Service Commission of West Virginia (WVPSC) advised the Federal Communications Commission (Commission) of its election to conduct its own forward-looking economic cost studies to determine the cost of providing service in West Virginia. The WVPSC's election was made in accordance with the Joint Board's May 8, 1997 order in the above-referenced matter. Originally, state commissions making such an election were required to submit their cost studies to the Commission by February 6, 1998. However, the Commission subsequently extended the state commissions' deadline for submitting studies until April 24, 1998. See "Order," In the Matter of Federal State Joint Board on Universal Service, CC Docket Nos. 96-45 and 97-160, DA 97-2538 (Rel. Dec. 3, 1997), ¶7.

The WVPSC has determined that, even with the extension of the deadline for submitting cost studies, it simply does not have sufficient time or resources to complete and submit a cost study which is consistent with the criteria selected by the Commission. Accordingly, we are hereby withdrawing the WVPSC's prior election to submit cost studies to the Commission. The WVPSC will rely upon the Commission's cost studies, and the mechanism for determining non-rural carriers' forward-looking costs of providing federally supported services, scheduled to be completed by the Commission by August 31, 1998.

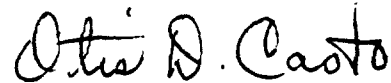
William F. Caton, Acting Secretary
March 25, 1998
Page 2

Please do not hesitate to contact the WVPSC if you have any questions or comments regarding this letter.

Sincerely,



Charlotte R. Lane, Chairman



Otis D. Casto, Commissioner



Richard D. Frum, Commissioner

Encl.

cc: Chief, Common Carrier Bureau
1919 M Street, NW
Washington, DC 20554

Sheryl Todd
Federal Communications Commission
Accounting and Audits Division
Universal Service Branch
2100 M Street, NW
Room 8611
Washington, DC 20554

RECEIVED

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MAIL ROOM

*Public Service Commission
Of West Virginia*

201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323



Charlotte R. Lan
Chairman

August 15, 1997

William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

Re: Federal-State Board on Universal Service
CC Docket Nos. 96-45 and 97-160

Dear Mr. Caton:

In its order of May 8, 1997 in the above referenced matter, the Federal Communications Commission (Commission) determined that more time is required before a final decision can be issued on the adoption of an economic cost model. The WVPSC has evaluated several proposed models in two proceedings; AT&T/Bell Atlantic of West Virginia Arbitration and Bell Atlantic of West Virginia's proposed Statement of Generally Accepted Terms and Conditions. In these proceedings, the WVPSC decided to base its decisions on the Hatfield Model with certain modifications. However, we agree with the Commission's decision to further review costing models and to compare and contrast more fully the structure and the input values used in the models. We expect to continue our review and analysis of the appropriate costing model, and inputs thereto, in a State Universal Service Fund proceeding.

In the May 8 Order, the Commission requested that states "... elect, by August 15, 1997, whether they will conduct their own forward-looking economic cost studies." The purpose of this letter is to make such election. The WVPSC will accept the offer to provide input to the Commission regarding a proper model for determining the cost of providing service in West Virginia. After a further review and evaluation of cost models in our State Universal Service Fund Proceeding, the WVPSC will file a report with the Commission, as requested, specifying the West Virginia recommended cost model, and the comparison of that model to the "Criteria for Forward-Looking Economic Cost Determination" set for by the Commission.

William F. Caton, Acting Secretary
Federal Communications Commission
Page 2

Please note this election and provide us with any changes to the schedule, requirements or expectations of the Commission regarding the report on West Virginia's cost study, presently scheduled to be filed by February 6, 1998.

Sincerely,



Charlotte R. Lane, Chairman


Otis D. Casto, Commissioner
Richard D. Frum, Commissioner

CRL/las

cc: Chief, Common Carrier Bureau
1919 M Street, NW
Washington, DC 20554

bc: Sheryl Todd
Federal Communications Commission
Accounting and Audits Division
Universal Service Branch
2100 M Street, NW
Room 8611
Washington, DC 20554

FAX TRANSMISSION

PUBLIC SERVICE COMMISSION OF WV

**201 BROOKS STREET
CHARLESTON, WV 25323
304-340-0308
FAX: 304-340-3758**

To: Natalie Wales **Date:** August 15, 1997
Fax #: 202-418-7361 **Pages:** 3, including this cover sheet.
From: Charlotte Lane, Chairman
Subject: CC Docket Nos. 96-45 and 97-160 (State election to file cost studies)

COMMENTS:

Transmitted herewith is a copy of our letter electing to file a report with the FCC specifying the West Virginia recommended cost model pursuant to the FCC May 8, 1997 Report and Order on Universal Service, CC Docket No. 96-45, Report and Order, FCC 97-157.

We appreciate your response to Mr. Ellis' inquiry into this matter, and your agreement to receive a FAX transmission of this document and deliver it to the Office of the Secretary for us. The original signed document has also been sent by regular mail.

Thank you for your cooperation and assistance.

MESSAGE CONFIRMATION

08/15/97 13:15

ID=WJ PUBLIC SERVICE COMMISSION

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